

MAURITIUS¹

MINIMUM WAGE

The National Remuneration Board (NRB) is the agency responsible for the setting of minimum wages and other conditions of employment with respect to various categories of workers in the private sector in Mauritius, including the apparel and footwear industry. The NRB is a joint consultative/negotiating body comprised of workers and employers representatives. Although it technically operates under the Ministry of Labor and Industrial Relations, it is an independent body. Minimum wages are fixed on the basis of occupation and industry.²

When unions believe there is a case for reviewing the minimum wage and other non-wage benefits in a particular sector of activity or for a certain category of employees, they submit their request to the Minister of Labor who then refers the case to the NRB for review. The various parties concerned are then invited to hearing sessions to present and defend their proposals. On the basis of these sessions, the NRB prepares a technical report which is submitted to its chairman. The report analyzes the impact of the union's demands on such factors as the industry's profitability, investment, employment, productivity, etc. Based on the findings of the report, the NRB's chairman will make recommendations to the Minister of Labor. Unions and employers are given fourteen days to transmit their comments on the report. The comments, and counter-proposals, are then reviewed by the NRB and the Minister. A final report is compiled and the recommendations are presented to the Council of Ministers for approval. These recommendations form the basis of the remuneration orders which are enacted by the government.

The prescribed minimum wage for factory workers³ in the export processing zone (EPZ), including the apparel and footwear industry, is 348.36 Mauritian rupees (MRs), or 13.90 U.S. dollars (US\$),⁴ per week

¹ Unless noted otherwise, information presented here is from American Embassy—Port Louis, unclassified telegram No. 996 (May 6, 1999).

² For more information on the minimum wage in Mauritius, see International Labour Organization (ILO), "Minimum Wage Fixing in Mauritius," Labour Law and Labour Relations Branch (LEG/REL) *Briefing Note* No. 6 (Geneva: International Labour Office, 1997), which is also available on the ILO's web site: <<http://www.ilo.org/public/english/80relpro/legrel/papers/brfnotes/minwages/mauriti3.htm>>.

³ A "factory worker" (in contrast to an "unskilled worker") is a worker who performs manual tasks requiring a particular skill or aptitude and includes a person who is required to attend to or operate a machine. See Government of Mauritius, *Government Notice No. 65 of 1987*, The Industrial Relations Act, Regulations made by the Minister under section 96 of the Industrial Relations Act, cited as the Export Enterprises (Remuneration Order) (Amendment) Regulations 1987.

⁴ At the current exchange rate of MRs25 to US\$1.

for the first year of employment. For subsequent years, the minimum wage is MRs366.11 (US\$14.60) per week. For administrative purposes, however, workers are generally paid on a fortnightly or monthly basis.

The standard legal workweek in the industrial sector is 45 hours. In the EPZ, an employee may work an additional 10 hours per week, although at a higher hourly wage.⁵ For the purpose of determining remuneration due for extra work, the weekly basic rate of a monthly paid worker (other than a watchman) is deemed to be three-thirteenths of the monthly basic rate; the basic rate per hour is deemed to be one forty-fifth of the weekly basic rate.⁶

PREVAILING OR AVERAGE WAGE

Official statistics published by the government show that in March 1998 the average monthly earnings of employees in the apparel industry amounted to MRs6,452 (US\$258) compared to MRs5,156 (US\$286) in 1995. In the footwear industry, the average monthly earnings amounted to MRs9,210 (US\$368) in March 1998 compared to MRs7,332 (US\$407) in 1995.

Average Earnings by Selected Industrial Group in the Export Processing Zone, March 1994-March 1998

Employees exclusively on monthly rates of pay (rupees per month)

<u>Industrial Group</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
All Sectors	4,955	5,257	5,497	5,787	6,422
Manufacturing	4,954	5,250	5,493	5,777	6,403
Textiles	5,072	5,452	5,632	5,951	6,733
Wearing apparel	4,956	5,156	5,463	5,758	6,452
Footwear and Leather Products	6,170	7,332	8,288	8,394	9,210
Non-Manufacturing	5,020	5,707	5,902	6,527	8,100

Employees exclusively on daily rates of pay (rupees per day)

<u>Industrial Group</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
All Sectors	111	117	125	137	145
Manufacturing	112	118	125	137	146
Textiles	132	134	165	176	194
Wearing apparel	109	111	119	134	143
Footwear and Leather Products	112	131	137	137	136
Non-Manufacturing	98	108	108	89	98

Source: Based on official Mauritian government statistics conveyed by the American Embassy, Port Louis.

⁵ U.S. Department of State, *Country Reports on Human Rights Practices for 1998* (Washington: U.S. Government Printing Office, April 1999), p. 282.

⁶ See Government of Mauritius, *Government Notice No. 191 of 1984*, the Industrial Relations Act, Regulations made by the Minister under section 96 of the industrial Relations Act, cited as the Export Enterprises (Remuneration Order) Regulations 1984.

Employers in the apparel industry report that, in practice, workers can earn two or three times the minimum wage. This is mainly due to a labor shortage and employers, which have driven up wages, and to other factors such as overtime work (workers may be required to perform extra hours of work for up to ten hours a week for which they are paid a higher rate), productivity and attendance bonuses, and wage compensation granted as a result of an increase in the cost of living.

The table below presents available data from the International Labor Organization (ILO) on average daily earnings (direct wages per worker) in Mauritius for production workers in the manufacturing sector and in the apparel and footwear industries. They include pay for time worked, paid leave, bonuses, and other benefits paid directly to the employee, but not the cost of social insurance programs.⁷ No data were available from the ILO for average hours worked per week by production workers in all manufacturing or in the apparel or footwear industries. Current average earnings, which are reported by the ILO in the national currency, were converted to US\$ using the annual average exchange rate published in the International Monetary Fund's *International Financial Statistics* (March 1999). To track changes in real earnings (i.e., earnings adjusted for inflation), a real earnings index was computed by deflating current earnings in the national currency with the annual average national consumer price index as published in the International Monetary Fund's *International Financial Statistics* (March 1999), indexed to 1990 = 100.

Average Daily Earnings in All Manufacturing, Apparel and Footwear

Year	All Manufacturing		Apparel		Footwear		Real Earnings Index (MRs; 1990=100)		
	(MRs)	(US\$)	(MRs)	(US\$)	(MRs)	(US\$)	Manuf.	Apparel	Footwear
1990	60.48	4.07	52.65	3.54	79.00	5.32	100	100	100
1991	84.00	5.37	75.00	4.79	85.00	5.43	130	133	101
1992	93.00	5.98	82.00	5.27		97.00	6.23	137	139
1993	109.00	6.18	91.00	5.16	99.00	5.61	146	140	101
1994	122.00	6.79	108.00	6.01	109.00	6.07	152	154	104
1995	132.00	7.59	110.98	6.38	120.73	6.94	155	150	109
1996	137.00	7.63	117.99	6.57	122.34	6.82	151	149	103
1997	148.74	7.23	132.00	6.42	137.92	6.71	153	156	109

Source: ILO, *Yearbook of Labour Statistics*, 1998, p. 879.

NON-WAGE BENEFITS

The main government-mandated non-wage benefits for EPZ workers (including apparel and footwear industries) are: (a) *annual leave*: after one year of service, workers are entitled to sixteen days' leave on full pay if they are employed on a six-day week or fourteen days if employed on a five-day week; (b) *sick leave*: after one year of service, workers employed on a six-day week are entitled to twenty one days' sick leave and a further period of fourteen days' sick leave on full pay for prolonged illness; (c) *maternity benefits*: female workers who have been employed for twelve months preceding their confinement are

⁷ International Labour Organization, *Yearbook of Labour Statistics*, 1998 (Geneva: International Labour Office, 1998), p. 805.

entitled to twelve weeks' leave on full pay; (d) *attendance bonus*: workers who during a period of one month and have not been absent on any day on which they are required to work are entitled to a bonus of not less than five percent of the basic wage earned for that month; (e) *end of year bonus*: workers who have been employed for one year are entitled to a bonus equivalent to one twelfth of their earnings for that year; (f) *transport benefits and facilities*: workers are entitled to free transport or are paid the return bus fare where no free transport is available, if the distance between their residence and the place of work exceeds 3.2 km; (g) *subsistence allowance*: when a worker, after having completed a normal day's work, is required to work after 7:00 p.m., he or she must be provided with a meal allowance of MRs10 (US\$0.40) ; and (h) *death grant*: on the death of a worker who has been employed for not less than twelve continuous months, the employer must make a one-time payment of MRs1,000 (US\$40) to his/her spouse.

A U.S. Social Security Administration survey⁸ elaborates on several different non-wage benefit programs in which employers are required to participate for their employees: (1) old age, disability, death is a dual universal (for all residents) and social insurance program (earnings-related for all employees), begun in 1951, in which the insured person pay nothing for the universal pension and 3 percent of earnings for the earnings-related pension, employers pay nothing toward the universal pension and 6 percent of payroll for the earnings-related pension, and the government pays the entire cost of the universal pension and any deficit for the earnings-related pension; (2) sickness and maternity benefits, first legislated in 1975, require employers to provide up to 21 days of sick leave or 12 weeks of maternity leave (6 weeks before and 6 weeks after confinement) to employees; free medical services are available to the population in government dispensaries and hospitals, and financial assistance is available to needy persons; (3) work injury benefits, initiated in 1931 as part of the a social insurance system, cover all employees and the employer pays the entire cost as part of their contributions to the social insurance program; and (4) the Unemployment Hardship Relief Act of 1983 provides means-tested benefits to heads of households under age 60 after 30 days' registered unemployment; and (5) a program of family allowances for needy families with 3 or more children is supported entirely by the government.

ASSESSING BASIC NEEDS: THE POVERTY LINE

There are no official data on the poverty line in Mauritius. However, a recent ILO report⁹ indicates that in terms of abject poverty—as measured by the World Bank's US\$1 per person per day poverty line—poverty is undoubtedly low in Mauritius. In 1997, the government conducted a study on poverty in Mauritius, but for political reasons, the report was not released. Also the government is currently undertaking a study with a view to putting in place a series of poverty alleviation programs for Mauritius.

⁸ Social Security Administration, *Social Security Programs Throughout the World - 1997* (Washington: U.S. Government Printing Office, August 1997), pp. 241-242.

⁹ Task Force on Country Studies on Globalization, *Studies on the Social Dimensions of Globalization: Mauritius* (Geneva: International Labour Office, March 1999). Copy sent by the American Embassy is on file.

A compendium of poverty and income distribution statistics prepared by the International Labor Organization¹⁰ reports for 1979 12 percent of the Mauritian population was below the poverty line of annual per capita income of US\$190.¹¹

The World Bank reports that, in 1992, 10.6 percent of the Mauritian population was below the national poverty line.¹²

MEETING WORKERS' NEEDS

There is little conclusive evidence on the extent to which wages and non-wage benefits in the footwear or apparel industries in Mauritius meet workers' basic needs. More general information from the U.S. Embassy indicates that labor unions claim that EPZ workers have to work extra hours in order to earn enough to meet their basic needs. They also claim that, based on the actual cost of living, the minimum living wage should be at least MRs6,000 (US\$250) per month. However, no formal study has been done on this issue to date. There is legislation which provides for the payment of an additional remuneration to workers in the private sector, including the EPZ, to compensate them for the annual increase in the cost of living. The compensation granted is based primarily on the rate of inflation in the previous year.

¹⁰ Hamid Tabatabai, *Statistics on Poverty and Income Distribution: An ILO Compendium of Data* (Geneva: International Labour Office, 1996), p. 19.

¹¹ The estimate is referenced as originating from the World Bank, *Social Indicators of Development 1987* (Washington: World Bank, 1987). The poverty estimates are based upon an estimated absolute poverty income level below which a minimal nutritionally adequate diet plus essential non-food requirements are not affordable. According to the UN's Food and Agriculture Organization (FAO), *The Impact of Development Strategies on the Rural Poor* (Rome: FAO, 1988), p. 7, the poverty lines were determined by: (1) identifying the food basket consumed by low-income groups in the country (taken to be the 20th percentile of the household income distribution); (2) estimating the quantities of that food basket necessary to provide the minimum calories and proteins required for nutritional needs; (3) costing the minimum food basket at appropriate retail market prices; and (4) adding the estimated monetary equivalent of essential non-food needs (clothing, shelter, etc.). See Tabatabai, *Statistics on Poverty and Income Distribution: An ILO Compendium of Data*, p. 139.

¹² World Bank, *World Development Indicators 1999* (Washington: World Bank, 1999), p. 67.